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Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 NSCE-00 CIAE-00 DODE-00 PM-03

H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01

SP-02 SS-15 USIA-06 AID-05 EB-07 CIEP-01 TRSE-00

STR-01 OMB-01 CEA-01 COME-00 SAJ-01 SAM-01 NIC-01

XMB-02 AGR-05 FEA-01 INT-05 OES-03 FPC-01 /103 W
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R 300835Z JAN 75
FM USLO PEKING
TO SECSTATE WASHDC 3161
INFO AMEMBASSY MOSCOW
AMEMBASSY TOKYO
AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 0163

NOFORN

E.O. 11652: GDS
TAGS: EIND ETRD CH
SUBJECT: SOVIET ESTIMATES OF PRC PRODUCTION

REF: PEKING 0136 (NOTAL)

SUMMARY: A FINNISH COLLEAGUE HAS PASSED TO US SOVIET ESTIMATES FOR PRC ECONOMIC PRODUCTION IN 1974. THE RUSSIANS PUT TOTAL VALUE OF AGRICULTURAL AND INDUSTRIAL OUTPUT FOR THE YEAR AT 260 BILLION YUAN (ABOUT DOLS130 BILLION), UP 5 PERCENT FROM 1973. APPARENTLY WORKING WITHOUT REFERENCE TO CHINESE CLAIMS, THEY ESTIMATE 1974 GRAIN PRODUCTION AT 230-235 MILLION MT, BUT AT LEAST ONE OFFICIAL IS PREPARED TO ACCEPT HIGHER CHINESE ESTIMATES. ON THE WHOLE, THE SOVIET FIGURES SEEM REASONABLE, THOUGH WE HAVE RESERVATIONS ABOUT SOME. END SUMMARY.

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1. THE STATISTICAL GUESSING GAME PLAYED BY DIPLOMATS

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IN PEKING, FOLLOWING PREMIER CHOU'S REPORT TO THE NPC (REFTEL), CONTINUES. ACCORDING TO A FINNISH COLLEAGUE OF OURS, THE SOVIET EMBASSY'S ESTIMATES FOR PRC PRODUCTION IN 1974 ARE AS FOLLOWS:

A) TOTAL VALUE OF INDUSTRIAL AND AGRICULTURAL PRODUCTION - THE SOVIETS ESTIMATE THE TOTAL VALUE OF PRC AGRICULTURAL OUTPUT AT 70 BILLION YUAN (ABOUT DOLS35 MILLION) AND INDUSTRY'S TOTAL AT 190 YUAN (DOLS95 BILLION). THE TWO SECTORS TOGETHER THUS ACHIEVED AN ESTIMATED VALUE OF 260 BILLION YUAN (DOLS130 BILLION), WHICH REPRESENTS AN INCREASE OF 5 PERCENT OVER SOVIET ESTIMATES FOR 1973. COMMENT: WE THINK THE 260 BILLION YUAN TOTAL IS CONCEIVABLE, BUT THE RELATIVE WEIGHTS OF AGRICULTURAL AND INDUSTRIAL OUTPUT SEEM REVERSED. POSSIBLY THE FINN GOT THE FIGURES BACKWARD.

B) CRUDE OIL PRODUCTION - SOME IN THE SOVIET EMBASSY ESTIMATE 50-55 MILLION MT; OTHERS PUT IT AT 60-65 MILLION MT. COMMENT: THE 60-65 MILLION MT RANGE IS WIDELY ACCEPTED BY PEKING DIPLOMATS, WHO BASE IT ON CHINESE STATEMENTS THAT OIL PRODUCTION WAS "OVER 50 MILLION MT" IN 1973 AND THAT THERE WAS A 20 PERCENT INCREASE LAST YEAR.

C) PRC OIL EXPORTS - THE RUSSIANS SAY CHINA EXPORTED 7.5 MILLION MT OF OIL LAST YEAR AND POSSIBLY CONSIDERABLY MORE, OF WHICH 4.5 MILLION WENT TO JAPAN. COMMENT: THE SOVIETS HAVE APPARENTLY NOT LEARNED THAT ONLY 4 MILLION MT OF OIL WAS SHIPPED TO JAPAN LAST YEAR. THEIR OVERALL FIGURE IS INTERESTING, HOWEVER, SINCE IT IMPLIES THAT AT LEAST 3 MILLION MT WERE DELIVERED TO OTHER COUNTRIES. THE MOST LIKELY CUSTOMERS FOR SIGNIFICANT AMOUNTS OF CHINESE PETROLEUM LAST YEAR WOULD BE NORTH KOREA AND NORTH VIETNAM, AND THE SOVIETS SHOULD KNOW SOMETHING ABOUT CHINA'S OIL TRADE WITH THOSE COUNTRIES. WE HAD HEARD THAT CHINA SHIPPED 700,000 MT OF CRUDE TO NORTH KOREA IN 1972 (PEKING 1284 OF 1973), BUT HAVE RECEIVED NO INFORMATION ON THE SUBJECT SINCE.

D) ELECTRIC POWER - 95-100 BILLION KWH. COMMENT: THE PRELIMINARY USG ESTIMATE FOR 1973 WAS 101 BILLION KWH
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(ERIM 74-9, JULY 3, 1974.

E) CRUDE STEEL - 23 MILLION MT, DOWN FROM 25 MILLION MT IN 1973. (THE USG ESTIMATED 26 MILLION MT IN 1973.) THE RUSSIANS THINK STEEL DID BADLY LAST YEAR, AND THEY CITE AS PROOF THE FACT THAT NO STEEL PRODUCTION CLAIMS WERE ISSUED DURING THE YEAR FOR WUHAN, PAOTOW AND CHUNGCHING. COMMENT: WE AGREE THAT THE ABSENCE OF CLAIMS, PARTICULARLY

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FROM WUHAN, IS SIGNIFICANT. IN 1973, WUHAN CLAIMED TO HAVE OVERFULFILLED ITS STEEL TARGETS TWO MONTHS AHEAD OF SCHEDULE, BUT LAST YEAR IT SAID NOTHING. THE CITY WAS APPARENTLY THE SCENE OF PROLONGED POLITICAL STRIFE DURING THE "PI-LIN PI-KUNG" CAMPAIGN AND IT WOULD NOT BE SURPRISING IF PRODUCTION AT ITS IMPORTANT IRON AND STEEL WORKS WAS AFFECTED. REPORTS LAST YEAR INDICATED THAT THERE WERE STEEL PRODUCTION PROBLEMS IN PAOTOW DUE TO A CHORTAGE OF COAL. WE HAVE NO INFORMATION ON CHUNGCHING. DUE TO USG EXPORT CONTROLS, THE PRC WAS UNABLE TO IMPORT A CONSIDERABLE AMOUNT OF STEEL SCRAP FOR WHICH IT HAD CONTRACTED LAST YEAR AND CHINESE OFFICIALS HAVE INDICATED THAT OUTPUT WAS AFFECTED AS A RESULT (PEKING 0031). OVERALL, THE SOVIET ESTIMATE OF A FALL-OFF IN CRUDE STEEL PRODUCTION LAST YEAR IS NOT UNREASONABLE.

F) STEEL PRODUCTS - 18-19 MILLION MT. COMMENT: WE HAVE NO USG ESTIMATES.

G) CEMENT - 24 MILLION MT, UP FROM 20 MILLION MT IN 1973. COMMENT: PRESUMABLY THIS IS FROM ALL SOURCES. THE MUCH LOWER USG ESTIMATE OF 15.4 MILLION MT IN 1973 INCLUDED PRODUCTION ONLY FROM MODERN PLANTS.

H) CHEMICAL FERTILIZER - 26 MILLION MT, UP FROM 22 MILLION MT IN 1973. COMMENT: THE USG ESTIMATED 24.8 MILLION MT IN 1973, BUT WE DO NOT KNOW IF SOVIETS USE THE SAME BASIS FOR CALCULATION.

I) COTTON CLOTH - 9 BILLION METERS, UP FROM 8.5 BILLION IN 1973. COMMENT: THESE FIGURES ARE HIGHER THAN USG ESTIMATES -- 7.5 BILLION METERS PER YEAR FOR 1970-73 -- AND SHOW A RISING TREND.
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J) TRUCKS - 72,000 UNITS, UP FROM 70,000 IN 1973.
COMMENT: THE US ESTIMATED 110,000 UNITS IN 1973.

K) GRAIN OUTPUT - THE RUSSIANS ESTIMATE PRC GRAIN OUTPUT AT 210 MILLION MT IN 1972, 225-230 MILLION MT IN 1973 AND 230-235 MILLION MT LAST YEAR. COMMENTING ON THESE ESTIMATES, HOWEVER, THE DEPUTY HEAD OF THE SOVIET TRADE OFFICE HERE TOLD THE FINN THAT HE ACTUALLY BELIEVED PRC GRAIN PRODUCTION LAST YEAR WAS AROUND 260 MILLION MT. COMMENT: THE LOWER FIGURES PRESUMABLY REPRESENT ESTIMATES DERIVED WITHOUT REFERENCE TO CHINESE CLAIMS. IN GIVING THE 260 MILLION MT FIGURE, THE SOVIET OFFICIAL UNDOUBTEDLY EXPRESSED HIS PERSONAL JUDGEMENT DERIVED FROM HIGHER LEVELS OF PRODUCTION CLAIMED BY THE CHINESE.

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2. FOR THE MOST PART, THE RUSSIAN ESTIMATES ARE NOT UNREASONABLE. WE WILL BE TALKING WITH OUR SOVIET ECONOMIC COUNTERPARTS SOMETIME SOON AND MAY THEN HAVE A CHANCE TO DISCUSS THESE FIGURES WITH THEM DIRECTLY.
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